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Pulses Situation and Outlook 2011

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Grain and Feed

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Report Highlights:

Although Pakistan is a significant producer of pulses, demand has been outstripping domestic supply, making Pakistan a growing importer of pulses. Pakistan's domestic production of pulses totaled 765,000 tons in FY10 (July/June) and imports were estimated at 445,000 tons (\$262 million). Imports from the United States are reported at a record 57,000 tons (\$27 million), mostly consisting of yellow peas, chickpeas, and lentils. A significant increase in Pakistan's pulse production appears unlikely given existing production constraints. Domestic pulse prices are comparable to global prices, thus, there is potential for U.S. pulse exports to Pakistan.

General Information: Country Situation and Outlook

Introduction

Pulses have been a staple in the Pakistani diet for decades. They are often referred to as the “common man’s meat” and an important source of protein for the poor. Domestic pulse consumption is increasing and currently exceeds a million tons a year. Pulses are grown both in the Kharif (spring planted) and Rabi (fall planted) seasons under non-irrigated conditions and depend largely on monsoon and winter rains for growth. No significant breakthrough in domestic production is anticipated in the near term due to the importance of competing crops such as wheat, rice, and cotton.

With no major breakthrough in domestic production evident, imports are increasing, reaching an estimated 445,000 tons in FY 2009/10. The share of U.S. pulses in Pakistan’s import market is relatively small, but it has grown significantly from less than 1 percent in 2005-06 to more than 10 percent in 2009-10.

U.S. Share in Pakistan’s Total Pulse Imports (\$ millions)

Year	2005-06	2006-07	2007-08	2008-09	2009-10
Total Imports	174	245	202	236	262
Imports from U.S.	1.3	8	14	16	27
U.S. Share	0.7%	3%	7%	7%	10%

Source: Ministry of Commerce, GOP

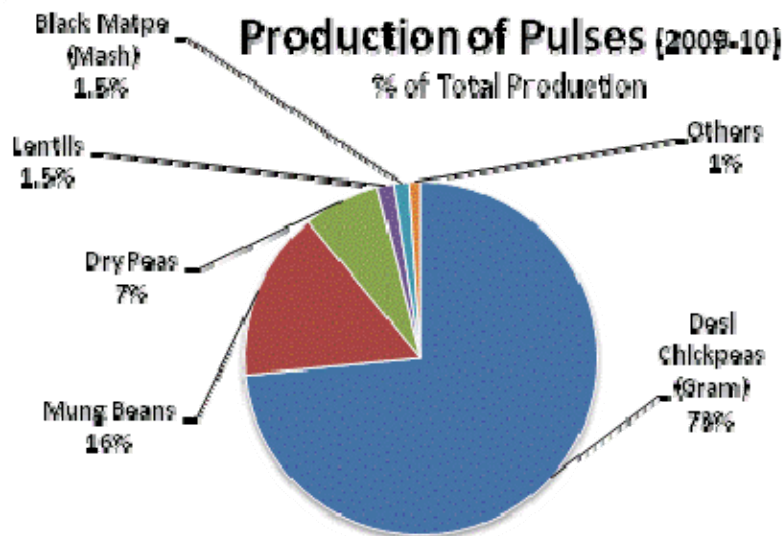
Impact of 2010 Floods

In 2010, Pakistan experienced historic floods which devastated huge crop areas and caused thousands of hectares in lost production. As a result, pulse imports increased 61 percent. During the July – November 2010/11 period, pulse imports reached 269,000 tons valued at \$182 million as compared to 167,000 tons valued at \$91 million in the same period of the previous year.

Production

Pakistan’s FY10 (July/June) pulse production totaled 765,000 tons, about 23% lower than the previous year. Major pulses grown in Pakistan include desi chickpeas (gram), lentils (masur), mung beans, black matpe (mash beans), and dry peas whole (matter). Other pulses include kabuli chickpeas, and kidney beans etc (see table below).

The total area under major pulse crops in Pakistan was 1,298,000 hectares in FY10. The Punjab region accounts for about 84 percent of Pakistan’s total pulse production, the Sindh region 8 percent, Baluchistan 5 percent, and KPK 3 percent.



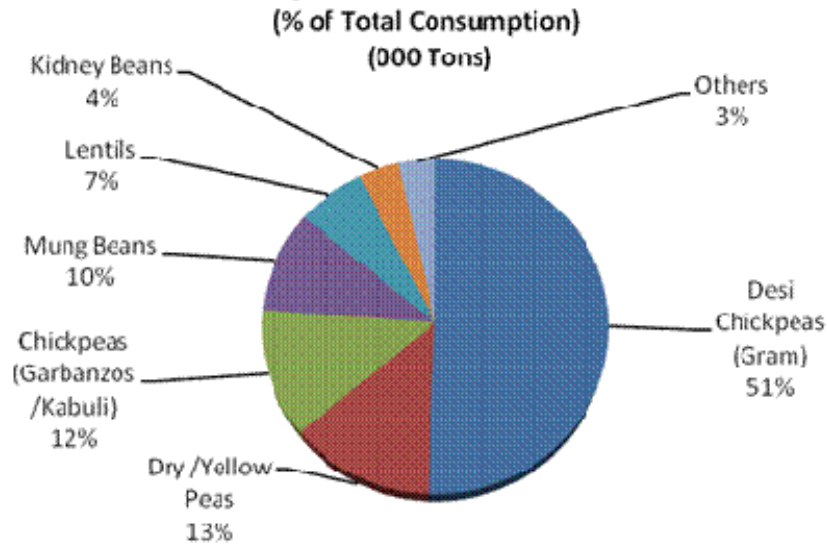
Quantity (000 Tons)
2009-10

Desi Chickpeas	Mung Beans	Dry Peas	Lentils	Black Matpe	Others	Total
562	119	54	11	11	8	765

Consumption

Pakistan's per capita consumption of pulses has been increasing and overall domestic pulse consumption has grown by more than 1 million ton per annum. During FY10, desi chickpeas accounted for 51 percent of total pulse consumption, followed by dry/yellow peas (13 percent), chickpeas/ garbanzos (12 percent), mung beans (10 percent), lentils (7 percent), kidney beans (4 percent), and other pulses (3 percent). Consumption of pulses is relatively high during the summer, Ramadan, Eid, Moharram, and other local festive seasons. Various pulse varieties are consumed according to regional preferences. Black Matpe (mash), for example, is consumed all over the country. Lentils are consumed primarily in northern and eastern Pakistan. Red kidney beans are mostly consumed in the northern areas. Green peas are a minor pulse in Pakistan which is consumed in most parts of the country due to their low price and are served in daal, snack foods, and restaurants. Imported peas serve as a substitute for desi chickpeas.

Consumption of Pulses (2009-10)



Quantity (000 Tons)
2009-10

Desi Chickpeas	Dry/Yellow Peas	Chickpeas (Garbanzos/Kabuli)	Mung Beans	Lentils	Kidney Beans	Others	Total
613	160	150	119	79	47	42	1,210

Rising Prices a Cause of Concern for the Government

In recent months, domestic pulse prices have climbed to record levels due to production shortfalls stemming from the floods and rising international prices. The current (2010) indicative national wholesale average monthly prices (USD/per ton) of major pulses are desi chickpeas – Rs. 60,000 (\$705) and lentils – Rs. 114,000 (\$1,339). Domestic prices are not showing any signs of softening. (Note: \$1=Rs.85)

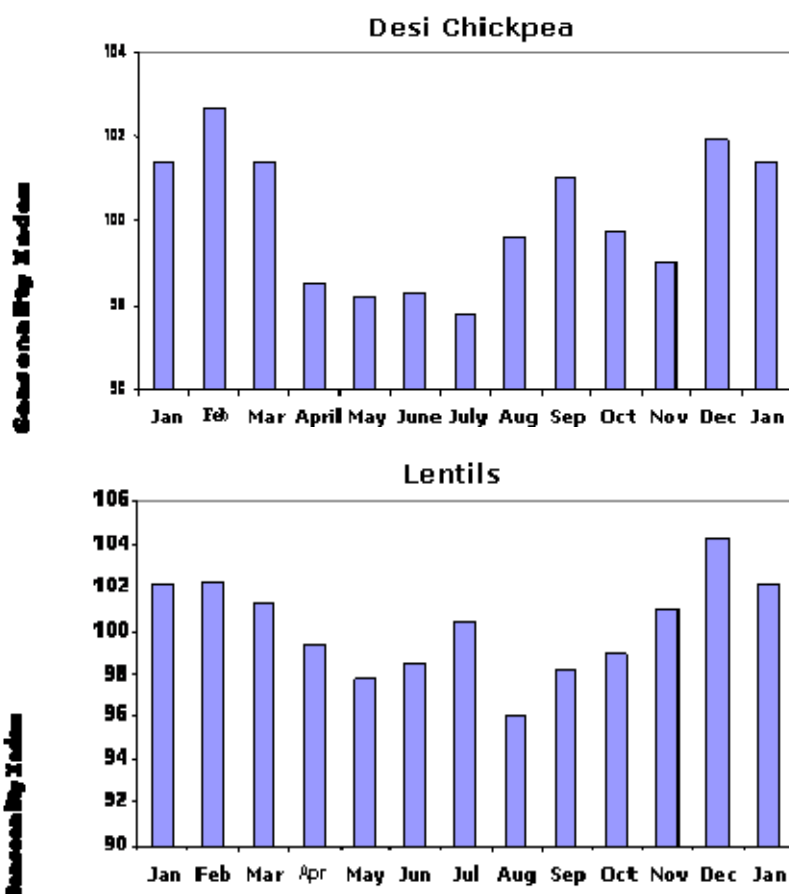
Prices of white chickpea (kabuli channa) currently stand at a very high level in the global market at \$1,100 to \$1,150 per metric ton due to reduced production in Canada and Burma. Consequently, domestic retail prices for pulses have skyrocketed to Rs 115 per kg.

National Wholesale Average Monthly Prices (\$/ton) of Major Pulses

Year	Desi Chickpeas (Gram) \$/ton	Lentils (Masur) \$/ton
2005	\$487	\$756
2006	\$631	\$697
2007	\$643	\$824
2008	\$755	\$1452
2009	\$602	\$1412
2010	\$705	\$1339

Source: Ministry of Food and Agriculture (MINFA)

Seasonality of Major Pulse Prices (Pak Rupees)



Marketing

In Pakistan, about 85 percent of pulses are sold through commercial marketing channels while the balance is kept by farmers for food use and planting seed. The existence of several layers of intermediaries in the marketing chain result in high margins with a wide spread between producer

and consumer prices. Commission agents/brokers typically take 1 to 1.5 percent, while the retail markup is much higher (40 to 50 percent over wholesale prices), which covers the costs of transportation from the wholesalers, storage at warehouses, cleaning, packaging, etc. Retail markups in government-owned stores have the lowest markup and private supermarkets have the highest.

Relatively high volumes of pulses are traded in mandis, especially in wholesale markets in or near all major cities. Mandis are a network of delivery points located near production areas and are important market outlets for farmers. Wholesalers typically sell to retailers a minimum of one bag (50 kg or 100 kg). Retailers may also add value by cleaning or sorting the product to remove foreign material (e.g., stones) and inferior quality pulses. Most pulses (split or whole) are sold loosely to customers while sales in consumer packs (0.5 and 1 kg. bags) are limited mostly to urban markets. Some supermarket chains sell pulses in 2 and 3 kg packs, with small discounts on larger sizes. The main players in the pulse market are state owned utility stores, traditional food markets, and international super market chains (i.e., Metro, Makro, and Carrefour). Though the market share of supermarkets is rapidly increasing, the traditional markets (i.e., mom and pop stores, independent grocers, food stands, etc.) still hold 85 percent of the pulse market.

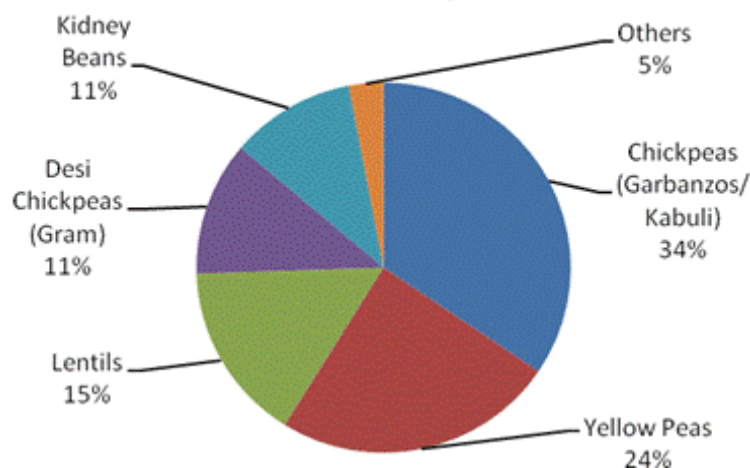
Trade

Imports account for about 37% of Pakistan's total consumption of pulses. In FY10, imports of pulses totaled 445,000 tons, valued at \$262 million compared to 280,000 tons in FY09, valued at \$236 million.

U.S. pulse exports to Pakistan are typically shipped in containers. Imports from the United States in FY10 were valued at a record \$27 million, making Pakistan an increasingly important market for U.S. pulses. Canada (which typically ships pulses in bulk) was the major supplier of pulses (mostly yellow peas, green peas, and chickpeas) to Pakistan. India and Myanmar are traditional suppliers of pulses to Pakistan due to their geographic proximity and ability to grow similar types of pulses, (black gram, red gram, green gram and Kidney beans).

Import of Pulses (2009-10)

% of Total Import



Quantity (000 Tons)
2009-10

Chickpeas (Garbanzos/Kabuli)	Yellow Peas	Lentils	Desi Chickpeas	Kidney Beans	Others	Total
150	106	68	51	47	23	445

Total Pulses Import by Origin

Country	2005-06		2006-07		2007-08		2008-09		2009-10	
	Tons	000 USD	Tons	000 USD	Tons	000 USD	Tons	000 USD	Tons	000 USD
Afghanistan	20,233	4,429	20,058	4,224	22,534	4,687	5,857	2,675	5,901	3,009
Australia	80,143	31,831	75,124	39,183	6,567	4,540	73,654	39,120	41,204	28,742
Canada	171,620	49,344	175,291	63,604	51,682	32,893	97,036	64,685	91,564	57,443
China	40,564	16,827	47,742	25,483	38,355	27,458	45,447	28,272	41,784	24,040
Djibouti	679	279	2,693	1,476	265	166	-	-	120	56
Ethiopia	3,612	1,500	21,001	11,923	27,167	16,663	9,084	6,261	28,022	14,125
France	12,000	2,770	18,600	4,559	10,562	4,300	208	111	6	4
India	23,142	14,485	19,049	14,153	55,307	39,101	31,872	24,156	50,620	38,583
Iran	29,397	9,349	12,180	4,956	5,637	2,902	6,358	2,902	14,972	7,086
Italy	20	8	-	-	1,814	1,395	4,570	3,964	8,612	4,109
Malaysia	4,531	2,237	2,642	1,492	1,054	671	766	410	1,996	1,633
Myanmar	50,795	24,648	64,160	40,912	66,852	42,006	59,678	34,565	43,775	32,951
New Zealand	450	348	864	689	739	612	730	703	750	533
Russian Federation	1,856	405	789	486	877	471	2,071	998	21,768	7,376
Singapore	12,728	5,954	10,437	6,052	4,583	2,852	5,037	2,913	4,608	3,208
Thailand	1,956	910	222	130	8,327	5,016	7,300	4,254	2,170	1,659
Turkey	1,162	565	11,384	7,995	24	16	163	152	1,075	639
Tanzania	40	25	4,646	2,895	120	74	95	45	15	11
United States	2,773	1,294	19,549	8,115	29,662	13,994	23,769	16,443	57,259	26,890
Ukraine	2,586	615	4,026	1,286	2,429	948	2,955	1,065	24,856	7,789
United Arab Emirates	-	-	155	85	163	85	186	170	121	94
United Kingdom	231	106	26	11	2	1	48	47	-	-
Others	15,384	5,886	10,283	5,064	1,112	705	2,929	2,520	3,777	2,116
GRAND TOTAL	478,674	173,815	520,922	244,773	336,013	201,556	379,812	236,435	444,976	262,096

Source: Ministry of Commerce, GOP

Type of Pulses Import from the U.S

ITEM	2005-06		2006-07		2007-08		2008-09		2009-10	
	000 Tons	000 USD	000 Tons	000 USD	000 Tons	000 USD	000 Tons	000 USD	000 Tons	000 USD
PEAS DRIED SHELLED	141	42	8,804	2,348	18,806	8,186	13,278	8,281	39,958	15,694
CHICKPEAS DRY WHOLE	65	23	108	66	40	29	258	140	3,246	1,559
CHICKPEAS (GARBANZOS)	-	-	6,964	4,041	3,557	1,809	302	192	7,955	5,319
LENTILES, DRY WHOLE	706	301	646	305	5,613	3,032	3,759	2,280	991	858
LENTILES,SPLIT	778	417	1,586	793	-	-	103	98	2,965	2,429
BEANS	135	56	131	53	-	-	5,350	4,209	-	-
OTHERS	948	454	1,310	511	1,646	949	719	380	2,144	1,035
GRAND TOTAL	2,773	1,293	19,549	8,117	29,662	14,005	23,769	15,580	57,259	26,894

Source: Ministry of Commerce, GOP

Policy

To keep pulse prices in the domestic market in check, the Government of Pakistan (GOP) imposed a ban on the export of pulses in 2006 and at the same time still allowed imports. Pulses are imported directly through traders and currently, there are no import duties. The GOP levies surcharges on certain items to protect the domestic industry. The government also levies a two percent withholding tax; a 0.3 percent flood surcharge; and a four percent handling charge (i.e., letters of credit, port charges, transportation, and clearing etc.)